

## **Durham Civic Center Authority Meeting Minutes**

Tuesday, February 19, 2008

8:00am

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The meeting was called to order at 8:00am with the following members present/absent:

Present: Henry Sims, Patrick Byker, Robert Sinclair, Billy Ruffin, Rob VanDewoestine, George Stanziale, and Al Bass

Owner's representation: Heidi York, Harmon Crutchfield, Karmisha Wallace, Micheal Lynch, Sharon DeShazo, and Sheila Huggins

Management Company present: Ken Lile, Dave Messinger and Jamie Frydlo

Motion of approval for January 15, 2007 minutes moved by Patrick Byker with minor changes, seconded by Billy Ruffin, voted and agreed upon by all.

### **Action Items from January meeting**

- Mr. Lynch will provide requested supporting documentation for the Owners representatives, which clarifies the scope of work regarding the HVAC replacement for correspondence with Shaner. Mr. Lynch has been in discussion with Skanska on retrieving this information.

### **Meeting Details**

**2008 – 09 Fiscal Year Budget** – A budget was presented to the Authority Board by Shaner with a request for a public subsidy of \$923,070. It was not approved by the board on a vote of 4 to 2 for the following reasons:

1. The amount of subsidy requested was higher than both this year's budget and the results from 2006-07 and forecasted for 2007-08. The request projected revenue to decline 4% from the current year and expenses to increase 6%.
2. Conversion of the Exhibit Hall to Ballroom and other remodeling had been portrayed as a way to increase business.
3. Management spoke to a plan to add a sales person who would add to results, but did not include this in the budget.

Management is going to review the budget submission and potentially propose an alternative that would be reviewed by the board through email for forwarding to the city and county.

There is a long term issue of the mission for the Civic Center as stated by Mr. Stanziale and Mr. Sinclair. The Authority Board has little (or conflicting) guidance from the city and county on the balance between maintaining low rates at the Civic Center and the use of public funds to subsidize private functions.

**Capital Project Update:** The Civic Center is within budget and on schedule at approximately 20% completion; new sheetrock walls, suspended ceiling grids as well as structural supports for new chandeliers and folding partitions are almost complete. There is a weekly co-ordination meeting with Shaner that is dealing with ongoing issues as they come up. The CMAR has discovered a dampness issue on removing vinyl in the Pre-function Corridor. There is an existing problem in the roof of the corridor, which remains in the CIP unfunded list and stated in the BODR.

However, there are still three major issues that are not resolved:

1. There is no date for the delivery of the partitions for the Ballroom. If they are late it would mean down time in addition to the HVAC work
2. Construction work is going to mean 4 days down time for the kitchen exhaust fan. When the fan is down the kitchen cannot be used for either Civic Center or hotel business.
3. Work on the chiller will mean no air conditioning to the hotel for 2 days during a period when it is probably necessary for operations.

Mr. Stanziale requested that the management company quantify the economic impact of these issues for both the Civic Center and hotel. Mr. Messinger agreed to do this so that the board can deal with a recommendation to modify the current year's budget if appropriate.

There are 11 areas of HVAC work. One or two of the areas may be done simultaneously. The CMAR would like to begin in area (2), which is the lobby. This is an issue surrounding Shaner's desire for a fitness center and the process for a signed lease agreement between Shaner and the Owners. There is a caution for weekend work due to availability of vendors for materials. A \$77,188 change order from contingency has been issued for the pre-function corridor add-alternate. A second change order is in process for the Ballroom partitions \$195,284 add-alternate. There are some unforeseen conditions following power outlets within the service corridor. Floor boxes in the Exhibit Hall are issues, which were not in the original scope. They promote a hygiene issue and it would be beneficial to abandon them. The CMAR has been asked to obtain an electrician to trace the circuits to investigate how they all are fed. Mr. Lile is not requesting any changes from the scope of work and stated the project could proceed with eliminating the water and electrical configurations (subsequent to the meeting, Shaner staff, David Johnson, assistant chief engineer noted that 220v may be required for the power outlets). The HVAC work needs to begin on March 10, 2008 to remain on schedule.

Ms. York noted that a schedule for the HVAC work was not included in the memo outlining the overall schedule and the project needs a schedule as soon as possible. We need when to perform the work tied to a calendar. Micheal Lynch, senior project manager will issue a schedule by this week's end – February 22. The project is scheduled for completion on July 3, 2008 and time is critical.

Repairs done on the front lobby tile are complete.

**Fitness Center request** - Per request, S & H Transportation, a rental property within the Civic Center has agreed to move from present rental space into a larger City/County owned space. A new lease agreement is being prepared, and will need to go before City Officials for approval.

In addition to the above request, Shaner expresses desire to construct a fitness center in an area designated as Owners space by the City and County Attorneys in February 2007 when Shaner requested a gift shop for that same space. A lease agreement will need to go before both City and County Officials for approval.

Shaner and the Owners followed-up with a formal walk-through to include the City and County Attorneys.

**Other items**

**UNC Kenan-Flagler Business School Plan Status** - Kenan – Flagler will not be assisting in developing a business plan for the Civic Center. This does not leave the facility entirely without a plan since Shaner submitted a five-year financial plan November 2007 and many items from the Civic Center valuation are useful for planning purposes.

Mr. Frydlo presented the new name and logo for the Civic Center facility, which reads “Durham Convention Center”. He is working through details of the change to signs and literature.

**Civic Center Valuation Status** - The civic Center valuation report will go before the joint City/County committee on March 11 for discussion.

***Management Report from Shaner***

- Well received

**Agenda for next meeting**

- Status of Capital projects
- Update on Budget
- Management report